GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3273
ANSWERED ON:08.12.2000
MISUSE OF CENTRAL EXCISE EXEMPTION BENEFIT
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether medium and large scale industries are mis-using the Central Excise exemption benefits meant for small scale units;

(b) if so, whether the Government have made any survey of this mis-use especially in the consumer goods sector;

(c) if so, the findings of this survey;

(d) whether the existing system of excise claims will be modified and safeguarded; and

(e) if so, the steps proposed to weed out units mis-using this facility under guise of small scale sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a): Detection of certain cases of misuse of Central Exciseexemption meant for small scale units by medium and large scale industries have been reported.

(b): No such survey have been made by the Government.

(c): In view of above, question does not arise.

(d) & (e): The existing system of exemption for Small Scale Industries has been modified only recently. Strict watch is being kept on the units availing such exemption to ensure that there is no misuse of the same. Instructions have been issued to field officers to take adequate safeguard measures, to step up surveillance/checks of units availing SSI exemptionsespecially those reaching threshold of the exemption limits and to take stringent penal action against units misusing the scheme.